

ACCOUNTANCY EXAMINING BOARD[193A]

Adopted and Filed

Pursuant to the authority of Iowa Code section 542.4, the Accountancy Examining Board hereby amends Chapter 1, “Definitions,” Chapter 3, “Certification of CPAs,” Chapter 5, “Licensure Status and Renewal of Certificates and Licenses,” and Chapter 7, “Certified Public Accounting Firms,” Iowa Administrative Code.

The amendment to Chapter 1 adds new definitions for “IFRS” (International Financial Reporting Standards) since the U.S. Securities and Exchange Commission is continuing its movement toward replacing GAAP (generally accepted accounting principles) with IFRS; “IASB” (International Accounting Standards Board), which is the board charged with writing and implementing IFRS; and “ALD” (Accountancy Licensing Database), which is a resource provided by the National Association of State Boards of Accountancy (NASBA) for accounting licensee searches.

The amendments to Chapter 3 rescind subrules 3.6(1) and 3.6(3) as these subrules are no longer necessary because of the computerized CPA examination; add the phrase “or on the board’s Web site” to subrule 3.14(1) to be consistent with other subrules and to direct users to where forms and resources may be found; update the cross reference in subrule 3.14(2) to correspond to the correct rule in rewritten Chapter 10, which became effective January 1, 2011; and update the cross reference in subrule 3.15(2) to correspond to the correct subrule in rewritten Chapter 13, which became effective January 1, 2011.

The amendments to Chapter 5 add a reference to NASBA’s ALD in subrule 5.1(6), which currently states that there is not a national licensee database; rescind rule 193A—5.2(542) because the license renewal period for June 30, 2010, has passed; and update the cross reference in paragraph 5.6(3)“c” to correspond to the correct subrule in rewritten Chapter 10.

The amendment to Chapter 7 adds the phrase “including a list of Iowa clients and the services performed” to subrule 7.6(3) to be consistent with the reinstatement application.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 9370B** on February 23, 2011. No comments were received.

Two nonsubstantive changes have been made since the Notice. New Item 4 has been added to amend the introductory paragraph of renumbered subrule 3.6(1) by removing a now-obsolete cross reference to subrule 3.6(3), which is rescinded in Item 5. New Item 10 has been added to amend paragraphs 5.1(1)“a” and “b” by striking references to rule 193A—5.2(542), which is rescinded in Item 12.

These amendments are intended to implement Iowa Code chapters 17A, 272C, 542, and 546.

These amendments will become effective June 8, 2011.

The following amendments are adopted.

ITEM 1. Adopt the following **new** definitions of “ALD,” “IASB” and “IFRS” in rule **193A—1.1(542)**:

“*ALD*” means Accountancy Licensing Database.

“*IASB*” means International Accounting Standards Board.

“*IFRS*” means International Financial Reporting Standards.

ITEM 2. Rescind subrule **3.6(1)**.

ITEM 3. Renumber subrule **3.6(2)** as **3.6(1)**.

ITEM 4. Amend renumbered subrule **3.6(1)**, introductory paragraph, as follows:

3.6(1) Effective with the implementation of the computer-based examination, a candidate may take the required test subjects individually and in any order. Except as provided in ~~subrule 3.6(3) and~~ rule 193A—3.7(542), credit for any subjects passed shall be valid for 18 months from the actual date the candidate sat for the subject, without the candidate’s having to attain a minimum score on any failed subject(s) and without regard to whether the candidate sat for any other subjects. The candidate shall also be subject to the following:

ITEM 5. Rescind subrule **3.6(3)**.

ITEM 6. Renumber subrule **3.6(4)** as **3.6(2)**.

ITEM 7. Amend subrule 3.14(1) as follows:

3.14(1) A candidate who successfully passes the examination, completes the ethics course and examination and meets all of the requirements outlined in rule 193A—3.1(542) shall make application for the certificate on a form which may be obtained from the board office or on the board's Web site. An applicant for a certificate may be denied the certificate for reasons outlined in subrule 3.4(3), 3.4(4), or 3.4(5) regardless of when the incident occurred.

ITEM 8. Amend subrule 3.14(2) as follows:

3.14(2) A candidate who meets the requirements for a certificate outlined in rule 193A—3.1(542) shall file an application for a certificate within three years of the date of passing the examination. If the candidate does not file an application for a certificate within the required time frame, the candidate must comply with the basic continuing education requirements outlined in ~~193A—10.3(542)~~ rule 193A—10.5(542) prior to filing an application. The required continuing education hours shall include a minimum of ~~seven~~ eight hours of continuing education every three years devoted to financial statement presentation, such as courses covering the statements on standards for accounting and review services (SSARS) and accounting and auditing updates.

ITEM 9. Amend subrule 3.15(2) as follows:

3.15(2) Rules regarding the use of the title “CPA” in a firm name are found at 193A—subrule ~~13.6(5)~~ 13.4(14).

ITEM 10. Amend paragraphs **5.1(1)“a”** and **“b”** as follows:

a. An initial license is issued in active status with an expiration date. Maintaining active status requires periodic renewal as provided in ~~rules 193A—5.2(542) and rule 193A—5.3(542)~~. Renewal in active status requires satisfaction of continuing education as provided in 193A—Chapter 10.

b. A license may be renewed in inactive status as provided in rule 193A—5.9(272C,542) if the licensee does not satisfy the continuing education required for renewal in active status. A renewal license issued in inactive status shall lapse if not timely renewed pursuant to rule 193A—~~5.2(542) or 5.3(542)~~. An inactive license may be reinstated to active status at any time pursuant to subrule 5.9(7).

ITEM 11. Amend subrule 5.1(6) as follows:

5.1(6) Exercising a practice privilege in Iowa or for a client with a home office in Iowa while holding an inactive or lapsed Iowa CPA certificate places a special burden on the individual to ensure that the public is informed about the individual's licensure status in Iowa and in the jurisdiction of active licensure, as provided in 193A—paragraphs 20.8(2) “b” and 20.8(3) “b.” As a practical matter, an individual's failure to clarify licensure status in Iowa and in the jurisdiction of the individual's principal place of business may confuse the public. ~~There is no~~ However, the public may consult ALD, a comprehensive national data bank, that the public may consult to verify an individual's licensure in another jurisdiction, and a. ALD may be accessed at www.NASBA.org. A client contacting the board or consulting the board's Web site will be informed that the individual is not actively licensed in Iowa of the individual's licensure status in Iowa and in the individual's jurisdiction of active licensure. The board will have no record of an individual's exercise or purported exercise of a practice privilege.

ITEM 12. Rescind and reserve rule **193A—5.2(542)**.

ITEM 13. Amend paragraph **5.6(3)“c”** as follows:

c. Providing evidence of completed continuing education outlined in rule ~~193A—10.3(542)~~ 193A—10.5(542), if the licensee wishes to reinstate to active status; and

ITEM 14. Amend subrule 7.6(3) as follows:

7.6(3) The board may reinstate the permit upon payment of the proper renewal fee and a penalty as provided in rule 193A—12.1(542). The board shall also require a written statement outlining the

firm's professional activities during the period of lapsed licensure, including a list of Iowa clients and the services performed.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 5/4/11.